



April 8, 2015

Arvinder Sighn, President
Abcott Institute
16250 Northland Drive, Suite 205
Southfield, Michigan 48075-5227

Certified Mail
Return Receipt Requested
7012 1640 0000 0216 2327

RE: **Final Program Review Determination**
OPE ID: 04183300
PRCN: 201320528191

Dear Ms. Sighn:

The U.S. Department of Education's (Department's) Chicago/Denver School Participation Division issued a program review report on December 13, 2013 covering Abcott Institute's (Abcott's) administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs), for the 2011-2012 and 2012-2013 award years. Abcott's final response was received on February 7, 2014. A copy of the program review report (and related attachments) and Abcott's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by Abcott upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

Purpose:

Final determinations have been made concerning all of the outstanding findings of the program review report. The purpose of this letter is to: (1) close the review and (2) notify Abcott of a possible adverse action. Due to the serious nature of one or more of the enclosed findings, this FPRD is being referred to the Department's Administrative Actions and Appeals Service Group (AAASG) for its consideration of possible adverse action. Such action may include a fine, or the limitation, suspension or termination of the eligibility of the institution. Such action may also include the revocation of the institution's program participation agreement (if provisional), or, if the institution has an application pending for renewal of its certification, denial of that application. If AAASG initiates any action, a separate notification will be provided which will include information on institutional appeal rights and procedures to file an appeal.

Chicago/Denver School Participation Division
500 West Madison, Suite 1576
Chicago, Illinois 60661

Federal Student
AW 03-1031 11-17-03 DEPARTMENT of Education

This FPRD contains one or more findings regarding Abcott's failure to comply with the requirements of the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act) in Section 485(f) of the HEA, 20 U.S.C. § 1092(f), and the Department's regulations at 34 C.F.R. §§ 668.41, 668.46, and 668.49. Because a Clery Act finding does not result in a financial liability, such a finding may not be appealed. If an adverse administrative action is initiated, additional information about Abcott's appeal rights will be provided under separate cover.

Record Retention:

Program records relating to the period covered by the program review must be retained until the later of: resolution of the loans, claims or expenditures questioned in the program review; or the end of the retention period otherwise applicable to the record under 34 C.F.R. §§ 668.24(e)(1), (e)(2), and (e)(3).

The Department expresses its appreciation for the courtesy and cooperation extended during the review. If the institution has any questions regarding this letter, please contact Mark Holland at (312) 730-1523.

Sincerely,



for Douglas Parrott
Division Director

Enclosure:

Program Review Report
Final Program Review Determination Report

cc: Velma Smith, Financial Aid Director
Michigan Department Of Labor & Economic Growth
Council on Occupational Education

Prepared for:

Abcott Institute

Federal Student
U.S. DEPARTMENT OF EDUCATION

OPE ID 04118300

PRCN 201320528191

Prepared by:

**U.S. Department of Education
Federal Student Aid
Chicago/Denver School Participation Division**

**Final Program Review Determination
April 8, 2015**

Chicago/Denver School Participation Division
500 West Madison, Suite 1576
Chicago, Illinois 60661

Federal Student
U.S. DEPARTMENT OF EDUCATION

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A. Institutional Information

Abcott Institute
16250 Northland Drive, Suite 250
Southfield, Michigan 48075

Type: Proprietary

Highest Level of Offering: Non-Degree

Accrediting Agency: Counsel on Occupational Education

Current Student Enrollment: 159 (2012)

% of Students Receiving Title IV, HEA funds: 84% (2012)

Title IV Participation (PEPS):

2011-2012

Federal Pell Grant (Pell)	\$521,964
Federal Direct Loan (FDL)	\$963,748

Default Rate FDL:	2011	0.0%
	2010	0.0%
	2008	0.0%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Abcott Institute (Abcott) from February 25, 2013 to March 1, 2013. The review was conducted by Mark Holland and David Musser.

The focus of the review was to determine Abcott's compliance with the statutes and regulations as they pertain to the institution's administration of the Title IV, HEA programs. The review consisted of, but was not limited to, an examination of Abcott's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

A sample of 31 files was identified for review from the 2011-2012 and 2012-2013 (year to date) award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. A program review report was issued on December 13, 2013.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning Abcott's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve Abcott of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

C. Findings and Final Determinations

Resolved Findings

Findings 1, 2, and 5- 8

Abcott has taken the corrective actions necessary to resolve findings 1, 2 and 5-8 of the program review report. Therefore, these findings may be considered closed. Findings requiring further action by Abcott are discussed below.

Findings with Final Determinations

Finding # 3: Crime Awareness Requirements Not Met - Omission/Inadequacy of Required Statistical Disclosures and Policy Statements.

Citation: The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act) and the Department's regulations require that all institutions that receive Title IV, HEA funds must, by October 1 of each year, publish and distribute to its current students and employees through appropriate publications and mailing, a comprehensive Annual Security Report (ASR) that contains, at a minimum, all of the statistical and policy elements enumerated in 34 C.F.R. §668.46(b). With the exception of certain drug and alcohol program information, cross referencing to other publications is not sufficient to meet the publication and distribution requirements. §485(f) of the HEA; 34 C.F.R. §668.46(b).

The ASR must be prepared and actively distributed as a single document. Acceptable means of delivery include regular U.S. Mail, hand delivery, or campus mail distribution to the individual or posting on the institution's website. If an institution chooses to distribute its report by posting to an internet or intranet site, the institution must, by October 1 of each year, distribute a notice to all students and employees that includes a statement of the report's availability and its exact electronic address, a description of its contents, as well as an advisement that a paper copy will be provided upon request. 34 C.F.R. §668.41(e)(1). These regulations also require institutions to provide a notice containing this information to all prospective students and employees. This notice must also advise interested parties of their right to request a paper copy of the ASR and to have it furnished upon request. 34 C.F.R. §668.41(e)(4).

An institution's ASR must include statistics for incidents of crimes reported during the three most recent calendar years. The covered categories include criminal homicide (murder and non-negligent manslaughter), forcible and non-forcible sex offenses, robbery, aggravated assaults, burglary, motor vehicle theft, and arson. Statistics for certain hate crimes as well as arrest and disciplinary referral statistics for violations of certain laws pertaining to illegal drugs, illegal usage of controlled substances, liquor, and weapons also must be disclosed in the ASR. These crime statistics must be published for the following geographical categories: 1) on campus; 2) on-campus student residential facilities; 3) certain non-campus buildings and property; and, 4) certain adjacent and accessible public property. 34 C.F.R. §668.46(c)(1). When applicable, an institution must also compile and publish separate crime statistic disclosures for each of its campuses. 34 C.F.R. §668.46(d).

The ASR also must include several mandated policy statements. These disclosures are intended to inform the campus community about the institution's security policies, procedures, and the availability of programs and resources as well as channels for victims of crime to seek recourse. In general, these policies include topics such as the law enforcement authority and practices of campus police and security forces, incident reporting procedures for students and employees, and policies that govern the preparation of the ASR itself. Institutions are also required to disclose alcohol and drug policies, and educational programs. Policies pertaining to sexual assault education, prevention, and adjudication must also be disclosed. Institutions also must provide detailed policies of the issuance of timely warnings, emergency notifications, and evacuation procedures.

As noted above, all required statistics and policies must be included in a single comprehensive document, known as an Annual Security Report. With the exception of certain drug and alcohol program information, cross referencing to other publications is not sufficient to meet the publication and distribution requirements. § 485(f) of the HEA; 34 C.F.R. §668.46(b).

Finally, each institution must also submit its crime statistics to the Department for inclusion in the Office of Postsecondary Education's (OPE) "Campus Safety and Security Data Analysis Cutting Tool." 34 C.F.R. §668.41(e)(5).

Noncompliance: Abcott Institute (Abcott) violated multiple provisions of the Clery Act. Specifically, Abcott failed to prepare, publish, and distribute an accurate and complete ASR which includes the following required statistical disclosures and policy statements:

- Liquor law violations. The ASR must include a) all arrests for liquor law violations, drug violations and illegal weapons violations and b) indicate which students, if any, were referred for campus disciplinary actions
- Hate Crimes. Hate crimes must be included in the ASR including the four types of hate crimes – larceny-theft; simple assault; intimidation; and destruction, damage or vandalism of property.
- ASR information indicating when a student has access to the facilities, including the office building that the institution is housed.
- A description of the type and frequency of programs designed to inform students and employees about campus security procedures and practices and to encourage students and employees to be responsible for their own security and the security of others.
- A description of programs designed to inform students and employees about the prevention of crimes.

- A statement of policy concerning the monitoring and recording through local police agencies of criminal activity in which students engaged at off-campus locations of student organizations officially recognized by the institution, including student organizations with off-campus housing facilities.
- A statement of policy regarding the institution's campus sexual assault programs to prevent sex offenses, and procedures to follow when a sex offense occurs. The statement must include: procedures for campus disciplinary action in cases of an alleged sex offense, including a clear statement that: (a) the accuser and the accused are entitled to the same opportunities to have others present during a disciplinary proceeding; and (b) both the accuser and the accused must be informed of the outcome of any institutional disciplinary proceeding brought alleging a sex offense; and
- Sanctions the institution may impose following a final determination of an institutional disciplinary proceeding regarding rape, acquaintance rape, or other forcible or non-forcible sex offenses.
- A statement advising the campus community where law enforcement agency information provided by a State under section 170101(j) of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. §14071(j)), concerning registered sex offenders may be obtained, such as the law enforcement office of the institution, a local law enforcement agency with jurisdiction for the campus, or a computer network address.

Furthermore, institutional officials were unable to provide documentation that materials typically provided to prospective students and employees include the required notification about the availability of the ASR including a summary of its contents and instructions for obtaining a hard copy.

Failure to publish an accurate and complete ASR and to actively distribute it to current students and employees in accordance with Federal regulations deprives the campus community of important security information that can empower its members to be informed and play an active role in their own safety and security.

Required Action: As a result of this violation, Abcott must develop and implement policies and procedures for preparation, publication, and distribution of an ASR that meets Federal standards. The new procedures also must articulate how prospective students and employees will be notified of the report's availability. Using its new policies as a guide, Abcott must prepare and publish an accurate and complete ASR that includes all of the statistical disclosures and policy, procedure and programmatic information required under 34 C.F.R. §668.46(b). A copy of the institution's new policies and procedures and its draft ASR must accompany Abcott's response to this program review report. Once the new ASR is evaluated by the review team for accuracy

and completeness, Abcott must actively distribute it to all current students and employees in accordance with 34 C.F.R. §668.41(e). Finally, Abcott must provide documentation to the Department evidencing the distribution as well as a statement of certification attesting to the fact that the materials were distributed in accordance with the Clery Act. This certification must also affirm that Abcott understands its Clery Act obligations and that it will take all necessary corrective actions to ensure that this violation does not recur.

As noted above, this finding constitutes a serious violation of the Clery Act that by its nature cannot be cured. Abcott will be given an opportunity to develop and distribute a compliant ASR and in so doing, bring its overall campus security program into compliance with the Clery Act as required by its PPA. However, Abcott is advised that these remedial measures cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose additional corrective or administrative actions.

Officials may wish to review the Department's "Handbook for Campus Safety and Security Reporting" (2011) during the preparation of its response. The handbook is available online at: <http://www2.ed.gov/admins/lead/safety/handbook.pdf>. The regulations governing the Clery Act can be found at 34 C.F.R. §668.14, 668.41, 668.46, and 668.49.

Based on an evaluation of all available information including Abcott's response, the Department will determine if additional actions will be required and will advise the institution accordingly in its Final Program Review Determination.

Abcott's Response: In its official response, Abcott concurred with the finding and stated that remedial action was taken as directed in the program review report. Specifically, institutional officials asserted that its "Campus Security Policy" was reviewed, revised, and enhanced to address the deficiencies identified by the review team. In addition, Abcott claimed that an ASR distribution policy was developed and implemented to ensure that each student and employee will receive each report annually by October 1st. Per the response, recipients will sign a slip indicating they have received the report and that the signed slips will be maintained in student financial aid files and employee personnel files, as appropriate. Abcott also stated that information about the ASR will be included in the application packets that are provided to prospective students and employees. Finally, Abcott management represented that the Crime Statistics and Safety Report will be produced and disseminated in accordance with all requirements of the *Clery Act*. These officials also claimed that its ASRs are now prepared in cooperation with the Southfield Police Department (SPD) and that the SPD provides crime statistics for inclusion in the ASR.

Final Determination: Finding #3 of the program review report cited Abcott for multiple violations of the *Clery Act*. Specifically, the institution failed to include all the six required policy disclosures listed in the noncompliance section above, in its 2012 ASR covering topics such as the issuance of timely warnings and emergency notifications, campus sexual assault awareness, prevention, and response, among others. In addition, Abcott persistently failed to actively distribute ASRs from 2009 to 2012, when the Department conducted its program review. During these years, the institution also failed to actively notify prospective students and employees regarding the availability of these reports.

As a result of these violations, Abcott was required to review and revise its existing policies and procedures and develop and implement additional internal guidance as needed to ensure that all aspects of its campus safety program and the production and distribution of its future ASRs will be carried out in accordance with Federal regulations. Then in accordance with its new and revised policies, the institution was required to produce an accurate and complete 2013 ASR, distribute the report to all required recipients, and notify prospective students and employees about the ASR.

In its response, Abcott concurred with the finding, stated that remedial action was taken, and submitted documents in support of its claims.

The Department carefully examined Abcott's narrative response and supporting documentation. The review team's examination showed that the identified violations were, for the most part, satisfactorily addressed by the institution's 2013 ASR and its new and revised internal policies and procedures. Based on that review and Abcott's admission of noncompliance, the Department has determined that the policy omissions and the distribution and notification elements of the initial finding are sustained; however, a determination was also made that the available evidence did not support that the language in the initial finding that specific hate crimes and liquor law violations were omitted from Abcott's crime statistics. Therefore, those aspects of the finding are not sustained.

The Department also determined that the institution's remedial action plan meets minimum requirements. For these reasons, the Department has accepted Abcott's response and considers this finding to be closed for the purposes of this program review; however, the officers and directors of Abcott are put on notice that the institution must continue to develop its campus safety and crime prevention program and take immediate action to ensure that all of the statistical and policy disclosures in its current ASR are accurate, complete, and fully reflect institutional policy. Finally, Abcott must also take any other action that may be needed to ensure that the violations identified by the review team do not recur.

Although the finding is now closed, Abcott is reminded that the exceptions identified above constitute serious violations of the *Clery Act* that by their nature cannot be cured. There is no way to truly “correct” violations of this type once they occur. The requirement to produce and distribute an accurate and complete ASR is the most basic requirement of the *Clery Act* and is fundamental to its safety and security goals. Abcott was required to take remedial measures and as a result of its efforts, has begun to address the conditions that led to these violations. Abcott has stated that it has brought its overall campus security program into compliance with the *Clery Act* as required by its Program Participation Agreement (PPA). Nevertheless, Abcott is advised that its remedial actions, whether already completed or planned for the future, cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or require additional corrective actions as a result.

Because of the serious consequences of *Clery Act* violations, the Department strongly recommends that Abcott officials re-examine the institution’s campus safety and general Title IV policies and procedures on an annual basis to ensure that they continue to reflect current institutional practices and are compliant with Federal requirements. To that end, the institution’s officials are encouraged to consult the Department’s “Handbook for Campus Safety and Security Reporting” (2011) as a reference guide. The Handbook is online at: www2.ed.gov/admins/lead/safety/handbook.pdf. The Department also provides a number of other *Clery Act* training resources. Abcott officials can access these materials at: www2.ed.gov/admins/lead/safety/campus.html. The regulations governing the *Clery Act* can be found at 34 C.F.R. §§ 668.14, 668.41, 668.46, and 668.49.

Lastly, Abcott management is also reminded that Section 304 of the Violence Against Women Reauthorization Act of 2013 (VAWA) amended the *Clery Act* to require institutions to compile and disclose statistics for incidents of domestic violence, dating violence, sexual assault, and stalking. VAWA also requires institutions to include new policy, procedural, and programmatic disclosures regarding sexual assault prevention and response in their ASRs. All institutions are currently obligated to make a documented good-faith effort to comply with the statutory requirements of VAWA and were required to include all new required content in the 2014 ASR. The Department issued Final Rules on the VAWA amendments on October 20, 2014 and therefore, these regulations will go into effect on July 1, 2015, per the Department’s Master Calendar. Abcott officials may access the text of the Final Rule at: <http://ifap.ed.gov/fregisters/attachments/FR102014FinalRuleViolenceAgainstWomenAct.pdf>.

Finding #4: Failure to Comply with the Drug-Free School and Communities Act

Citation: The Drug-Free Schools and Communities Act and Part 86 of the Department's General Administrative Regulations require each institution of higher education (IHE) to certify that it has developed and implemented a drug and alcohol abuse prevention program. The program must be designed to prevent the unlawful possession, use, and distribution of drugs and alcohol on campus and at recognized events and activities.

On an annual basis, the IHE must distribute written information about its drug and alcohol abuse prevention program (DAAPP) to all students, faculty, and staff. The distribution plan must make provisions for providing the material to students who enroll at a date after the initial distribution, and for employees who are hired at different times throughout the year. The information must include:

- A written statement about its standards of conduct that prohibits the unlawful possession, use or distribution of illicit drugs and alcohol by students and employees;
- A written description of legal sanctions imposed under Federal, state and local laws for unlawful possession or distribution of illicit drugs and alcohol;
- A description of the health risks associated with the use of illicit drugs and the abuse of alcohol;
- A description of any drug or alcohol counseling, treatment, or rehabilitation or re-entry programs that are available to students and employees; and,
- A statement that the IHE will impose disciplinary sanctions on students and employees for violations of the institution's codes of conduct and a description of such sanctions.

In addition, each IHE must conduct a biennial review to determine the effectiveness of its drug and alcohol abuse education and prevention program and to ensure consistent enforcement of applicable laws, ordinances, and institutional policies against students and employees found to be in violation. The biennial review materials must be maintained by the IHE and made available to the Department upon request. 34 C.F.R. §§ 86.3 and 86.100

Noncompliance:

Abcott violated the requirements of the Drug-Free Schools and Communities Act (DFSCA) and the Department's Part 86 regulations. Specifically, Abcott failed to distribute information about its DAAPP to staff on an annual basis.

Failure to comply with the DFSCA deprives the institution of important information regarding the educational, disciplinary, health, and legal consequences of illegal drug use and alcohol abuse. Such failures may contribute to increased drug use and alcohol abuse on-campus as well as an increase in drug and alcohol-related violent crime.

Required Action:

Abcott is required to take all necessary corrective actions to resolve these violations. At a minimum, Abcott must perform the following:

Develop procedures for ensuring that the DAAPP program materials are documented and distributed to every student who is currently enrolled in the school, and to all employees. Abcott must provide a draft copy of its DAAPP and new distribution policy with its response to this program review report. Once the materials are approved by the Department, the institution must distribute them in accordance with the Part 86 regulations and provide documentation evidencing the distribution as well as a statement of certification attesting to the fact that materials have been distributed in accordance with the DFSCA. This certification must also affirm that the institution understands all of its DFSCA obligations and that it has taken all necessary actions to ensure that these violations do not recur.

As a result of this violation, Abcott is required to distribute DFSCA information to staff and document the distribution by written acknowledgements of staff by June 14, 2013.

As noted above, the exception identified in this finding constitutes serious violations of the DFSCA that by its nature cannot be cured. There is no way to truly “correct” a violation of this type once it occurs. Abcott will be given an opportunity to develop and distribute an accurate and complete DAAPP disclosure and to finally begin to bring its drug and alcohol programs into compliance with the DFSCA as required by its PPA. However, Abcott is advised that these remedial measures cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or require additional corrective measures.

Based on an evaluation of all information including Abcott’s response, the Department will determine if additional actions will be required and will advise Abcott accordingly in the FPRD.

Abcott’s Response: In its official response, Abcott concurred with the finding and stated that remedial action was taken as directed in the program review report. In support of its

claims, the institution submitted its revised Drug and Alcohol brochure and represented that the document will be distributed to students and employees annually. Abcott management also represented that each student and employee will sign a form to document receipt of the disclosure and that these forms will be maintained in the recipient's official file. Per the response, the first distribution of the DAAPP disclosure was conducted on January 10, 2014.

Final Determination: Finding #4 of the program review report cited Abcott for violations of the *DFSCA* and Part 86 of the Department's General Administrative Regulations. Specifically, the institution failed to publish an accurate and complete DAAPP disclosure and as a result, also failed to distribute program materials to all employees and to each student enrolled for academic credit. While the initial finding indicated that Abcott only failed to meet this requirement with regard to its employees, the Department determined that the institution also failed to distribute program materials to students. As a result of these violations, Abcott was required to review and enhance its DAAPP and then produce an annual disclosure that summarizes the program. Then, the institution was required to actively distribute the DAAPP disclosure to all required recipients and to document its distribution efforts. Due to ongoing concerns about Abcott's *DFSCA* compliance, the institution was also required to assess all aspects of DAAPP to ensure that adequate remedial action was taken. In its response, the institution concurred with the finding, described its remedial actions, and submitted documents in support of its claims.

The Department carefully examined Abcott's narrative response and supporting documentation. The review team's examination showed that the identified violations were, for the most part, satisfactorily addressed by the institution's revised DAAPP, new DAAPP disclosure and evidence of distribution, and its new and revised internal policies and procedures. Based on that review and Abcott's admission of noncompliance, the violations identified in the finding are sustained. The Department also has determined that Abcott's remedial action plan meets minimum requirements. For these reasons, the Department has accepted the response and considers this finding to be closed for purposes of this program review.

Nevertheless, the officials and directors of Abcott are put on notice that they must take any other action that may be needed to address the deficiencies identified by the Department as well as those that were detected during the preparation of the response to the Department's report and/or as may otherwise be needed to ensure that these violations do not recur.

In this regard, Abcott officials are reminded that the institution must continue to develop its DAAPP and make corresponding updates to its annual disclosure, as needed. In addition, Abcott's next biennial review must be completed on the required schedule and its report must include substantive information about the actual conduct of the review

including details about the research methods used during the evaluation. The report also must identify the official(s) who conducted the review and address how Abcott analyzed whether or not its disciplinary standards and codes of conduct regarding drug use and alcohol abuse were enforced consistently. Special care also must be taken to ensure that all findings and recommendations are supported by valid evidentiary data. Finally, the report must indicate that it was approved by the institution's President and/or its board.

Although this finding is now closed, Abcott is reminded that the exceptions identified above constitute a serious violation of the *DFSCA* that by its nature cannot be cured. There is no way to truly "correct" violations of this type once they occur. Abcott asserted that it has taken adequate remedial actions and by doing so, has taken steps to comply with the *DFSCA* as required by its PPA. Notwithstanding these actions, Abcott officials must understand that compliance with the *DFSCA* is essential to maintaining a safe and healthy learning environment. The violations documented above deprived students and employees of important information regarding the health consequences of alcohol abuse and illicit drug use. For these reasons, Abcott is advised that its remedial measures cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or additional remedial measures as a result.

In light of the serious consequences associated with compliance failures of this type, the Department strongly recommends that Abcott re-examine its drug and alcohol policies, procedures, and programs on at least an annual basis and revise them as needed to ensure that they continue to reflect current institutional policy and are in full compliance with the *DFSCA*. Please be advised that the Department may request information on a periodic basis to test the effectiveness of the institution's new policies and procedures.

Final Program Review Determination
PRCN: 201320528191

Appendix A
Program Review Report

Prepared for
Abcott Institute

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

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OPE ID: 04183300
PRCN: 201320528191

Prepared by:

U.S. Department of Education
Federal Student Aid
Chicago/Denver School Participation Division

Program Review Report

December 13, 2013

Chicago/ Denver School Participation Division
500 West Madison, Suite 1576
Chicago, Illinois 60661

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A. Institutional Information

Abcott Institute
16250 Northland Drive, Suite 250
Southfield, Michigan 48075

Type: Proprietary

Highest Level of Offering: Non-Degree

Accrediting Agency: Council on Occupational Education

Current Student Enrollment: 159 (2012)

% of Students Receiving Title IV: 84% (2012)

Title IV Participation (PEPS): 2011-2012

Federal Direct Loan (FDL)	\$963,748
Federal Pell Grant	\$521,964

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Abcott from February 25, 2013 to March 1, 2013. The review was conducted by Mark Holland and David Musser.

The focus of the review was to determine Abcott's compliance with the statutes and federal regulations as they pertain to the institution's administration of Title IV programs. The review consisted of, but was not limited to, an examination of Abcott's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

A sample of 31 files was identified for review from the 2011-2012 and 2012-2013 (year to date) award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. Appendix A lists the names of the students whose files were examined during the program review.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning Abcott's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve Abcott of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

This report reflects initial findings. These findings are not final. The Department will issue its final findings in a subsequent Final Program Review Determination letter.

C. Findings

During the review, several areas of noncompliance were noted. Findings of noncompliance are referenced to the applicable statutes and regulations and specify the actions to be taken by Abcott to bring operations of the financial aid programs into compliance with the statutes and regulations.

Finding #1 Return to Title IV (R2T4) Errors

Citation: The amount of Title IV assistance that is earned by the student is calculated by:

- (i) Determining the percentage of Title IV assistance that has been earned by the student; and
- (ii) Applying this percentage to the total amount of Title IV assistance that was disbursed (and that could have been disbursed) to the student, or on the student's behalf, for the payment period or period of enrollment as of the student's withdrawal date.

The percentage of Title IV assistance that has been earned by the student is equal to the percentage of the payment period or period of enrollment that the student completed, as of the student's withdrawal date. *34 C.F.R. § 668.22(e).*

In the case of a program that is measured in clock hours, by dividing the total number of clock hours in the payment period or period of enrollment into the number of clock hours scheduled to be completed as of the student's withdrawal date.

The scheduled clock hours used must be those established by the institution prior to the student's beginning class date for the payment period or period of enrollment and must be consistent with the published materials describing the institution's programs, unless the schedule was modified prior to the student's withdrawal. *34 C.F.R. § 668.22(f).*

Noncompliance: The review disclosed that Abcott's R2T4 policy is not in compliance with regulations. Specifically, Abcott used the credit hour R2T4 worksheet and the number of days completed in the payment period instead of the clock hour R2T4 worksheet and the number of scheduled hours completed at the time of withdrawal when determining the percentage of aid earned.

- Student #2 began attendance on February 6, 2012. The last date of attendance was March 19, 2012. Abcott determined the student withdrew on March 28, 2012. There were 100 scheduled hours as of March 19, 2012. Abcott used 43 completed days instead of the scheduled clock hours. Abcott returned \$1,098.00 of FDL instead of \$851.00.

- Student #31 began attendance on September 20, 2012. The last date of attendance was February 4, 2013. Abcott determined the student withdrew on February 11, 2013. There were 94 scheduled hours as of February 4, 2013. Abcott used 45 completed days instead of the scheduled clock hours. Abcott did not return any Title IV funds based upon their calculations. Abcott should have returned \$1,980.00 in unsubsidized funds and \$951.00 of subsidized funds upon the student's withdrawal.

Required Action The institution must immediately establish and implement written procedures to properly perform the Return to Title IV calculations using clock hours.

Abcott will be liable for the additional Title IV, HEA funds owed as a result of the incorrect Return of Title IV funds calculations. Payment instructions for the liability associated with this finding will be provided in the Department's Final Program Review Determination letter.

As part of its response to this program review report Abcott must also develop and implement written step-by-step procedures to ensure that R2T4 calculations are correct and students are properly notified of their options with regard to a PWD and the amount of funds that have been returned to the Department. A copy of the procedures as well as a template of the notification letter must be submitted as part of Abcott's response to this program review report.

The institution is reminded that its fiduciary responsibilities obligate it to the highest standard of care and diligence in administering and accounting for Title IV, FSA funds.

Finding #2 Delayed Delivery Requirement Not Met

Citation: If a student is enrolled in the first year of an undergraduate program of study and has not previously received a Federal Direct Stafford Loan, a school may not disburse the proceeds of a Subsidized or Unsubsidized Loan until 30 days after the first day of the student's program of study. *34 C.F.R. § 685.303(b)(4)*.

The earliest an institution may disburse the initial installment of a loan under the Direct Loan or FFEL programs to a first-year, first-time borrower is 30 days after the first day of the student's program of study. *34 C.F.R. § 668.164(f)(3)*.

Noncompliance: Abcott disbursed Federal Direct Loan (FDL) funds to a student within the sample that were attending a postsecondary institution for the first time or had not previously borrowed a Title IV loan.

- Student #29 began attendance on August 21, 2012. The student's last date of attendance was September 10, 2012. Abcott determined that the student had withdrawn from the institution on September 18, 2012. A \$1,156.00 subsidized loan and \$1,980.00 unsubsidized loan were disbursed to the student on September 21, 2012. NSLDS disclosed that the student had not been a FDL borrower at any institution that she had previously attended. She was therefore subject to the 30 day delayed disbursement requirement. The student did not become eligible for the loan funds at the time of withdrawal. Abcott returned the funds to the Department on September 28, 2012 and October 28, 2012.

Required Action: Abcott must enact written procedures to ensure that all Title IV, HEA funds are not disbursed prior to the student completing at least 30 days. A copy of the procedures must be submitted as part of Abcott's response to this program review report.

Abcott will be liable for disbursing FDL funds to first-year, first time borrowers prior to them completing 30 days. Payment instructions for the liability associated with this finding will be provided in the Department's Final Program Review Determination letter.

The institution is reminded that its fiduciary responsibilities obligate it to the highest standard of care and diligence in administering and accounting for Title IV, FSA funds.

Finding # 3 Crime Awareness Requirements Not Met - Omission/Inadequacy of Required Statistical Disclosures and Policy Statements.

Citation: The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (*Clery Act*) and the Department's regulations require that all institutions that receive Title IV, HEA funds must, by October 1 of each year, publish and distribute to its current students and employees through appropriate publications and mailing, a comprehensive Annual Security Report (ASR) that contains, at a minimum, all of the statistical and policy elements enumerated in 34 C.F.R. § 668.46(b).

The ASR must be prepared and actively distributed as a single document. Acceptable means of delivery include regular U.S. Mail, hand delivery, or campus mail distribution to the individual or posting on the institution's website. If an institution chooses to distribute its report by posting to an internet or intranet site, the institution must, by October 1 of each year, distribute a notice to all students and employees that includes a statement of the report's availability and its exact electronic address, a description of its contents, as well as an advisement that a paper copy will be provided upon request. 34 C.F.R. § 668.41 (e)(1). These regulations also require institutions to provide a notice containing this information to all prospective students and employees. This notice must also advise interested parties of their right to request a paper copy of the ASR and to have it furnished upon request. 34 C.F.R. § 668.41 (e)(4)

An institution's ASR must include statistics for incidents of crimes reported during the three most recent calendar years. The covered categories include criminal homicide (murder and non-negligent manslaughter), forcible and non-forcible sex offenses, robbery, aggravated assaults, burglary, motor vehicle theft, and arson. Statistics for certain hate crimes as well as arrest and disciplinary referral statistics for violations of certain laws pertaining to illegal drugs, illegal usage of controlled substances, liquor, and weapons also must be disclosed in the ASR. These crime statistics must be published for the following geographical categories: 1) on campus; 2) on-campus student residential facilities; 3) certain non-campus buildings and property; and, 4) certain adjacent and accessible public property. *34 C.F.R. § 668.46(c)(1)*.

The ASR also must include several mandated policy statements. These disclosures are intended to inform the campus community about the institution's security policies, procedures, and the availability of programs and resources as well as channels for victims of crime to seek recourse. In general, these policies include topics such as the law enforcement authority and practices of campus police and security forces, incident reporting procedures for students and employees, and policies that govern the preparation of the ASR itself. Institutions are also required to disclose alcohol and drug policies and educational programs. Policies pertaining to sexual assault education, prevention, and adjudication must also be disclosed. Institutions also must provide detailed policies of the issuance of timely warnings, emergency notifications, and evacuation procedures. As noted above, all required statistics and policies must be included in a single comprehensive document, known as an ASR. With the exception of certain drug and alcohol program information, cross referencing to other publications is not sufficient to meet the publication and distribution requirements. *§ 485(f) of the HEA; 34 C.F.R. § 668.46 (b)*. Finally, each institution must also submit its crime statistics to the Department for inclusion in the Office of Postsecondary Education's (OPE) "Campus Safety and Security Data Analysis Cutting Tool." *34 C.F.R. § 668.41 (e)(5)*.

Noncompliance: Abcott failed to prepare, publish, and distribute an accurate and complete ASR. Specifically, Abcott's ASR did not include the following required statistical disclosures and policy statements:

- Liquor law violations are not indicated in the ARS. Need to include a) the arrests for liquor law violations, drug violations and illegal weapons violations and b) indicate which students, if any, were referred for campus disciplinary actions
- Hate Crimes are not identified. In addition, the four types of hate crimes should be identified – larceny-theft; simple assault; intimidation; and destruction, damage or vandalism of property.
- ARS information does not indicate when a student has access to the facilities, including the office building that the institution is housed.

- A description of the type and frequency of programs designed to inform students and employees about campus security procedures and practices and to encourage students and employees to be responsible for their own security and the security of others.
- A description of programs designed to inform students and employees about the prevention of crimes.
- A statement of policy concerning the monitoring and recording through local police agencies of criminal activity in which students engaged at off-campus locations of student organizations officially recognized by the institution, including student organizations with off- campus housing facilities.
- A statement of policy regarding the institution's campus sexual assault programs to prevent sex offenses, and procedures to follow when a sex offense occurs. The statement must include: Procedures for campus disciplinary action in cases of an alleged sex offense, including a clear statement that: (A) The accuser and the accused are entitled to the same opportunities to have others present during a disciplinary proceeding; and (B) Both the accuser and the accused must be informed of the outcome of any institutional disciplinary proceeding brought alleging a sex offense; and
- Sanctions the institution may impose following a final determination of an institutional disciplinary proceeding regarding rape, acquaintance rape, or other forcible or non-forcible sex offenses.
- a statement advising the campus community where law enforcement agency information provided by a State under section 170101(j) of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. §14071(j)), concerning registered sex offenders may be obtained, such as the law enforcement office of the institution, a local law enforcement agency with jurisdiction for the campus, or a computer network address.

Furthermore, institutional officials were unable to provide documentation that materials typically provided to prospective students and employees include the required notification about the availability of the ASR including a summary of its contents and instructions for obtaining a hard copy.

Failure to publish an accurate and complete ASR and to actively distribute it to current students and employees in accordance with Federal regulations deprives the campus community of important campus crime information.

Required Action:

As a result of this violation, Abcott must develop and implement policies and procedures for preparing, publishing, and distributing an ASR that meets Federal standards. The new procedures also must articulate how prospective students and employees will be notified of the

report's availability. Using its new policies as a guide, Abcott must prepare and publish an accurate and complete ASR that includes all of the statistical disclosures and policy, procedure and programmatic information required under 34 C.F.R. § 668.46(b). A copy of the institution's new policies and procedures and its draft ASR must accompany Abcott's response to this program review report. Once the new ASR is evaluated by the review team for accuracy and completeness, WA must actively distribute it to all current students and employees in accordance with 34 C.F.R. § 668.41(e). Finally, Abcott must provide documentation to the Department evidencing the distribution as well as a statement of certification attesting to the fact that the materials were distributed in accordance with the Clery Act. This certification must also affirm that Abcott understands its Clery Act obligations and that it will take all necessary corrective actions to ensure that this violation does not recur.

As noted above, this finding constitutes a serious violation of the *Clery Act* that by its nature cannot be cured. Abcott will be given an opportunity to develop and distribute a compliant ASR and in so doing, bring its overall campus security program into compliance with the *Clery Act* as required by its PPA. However, Abcott is advised that these remedial measures cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose additional corrective or administrative actions.

Based on an evaluation of all available information including Abcott's response, the Department will determine if additional actions will be required and will advise the institution accordingly in its Final Program Review Determination.

Finding #4 Failure to Comply with the Drug-Free School and Communities Act

Citation: The Drug-Free Schools and Communities Act and Part 86 of the Department's General Administrative Regulations require each institution of higher education (IHE) to certify that it has developed and implemented a drug and alcohol abuse prevention program. The program must be designed to prevent the unlawful possession, use, and distribution of drugs and alcohol on campus and at recognized events and activities.

On an annual basis, each IHE must provide the following information in writing to all current students (enrolled for any type of academic credit except for continuing education units) and all current employees:

- 1) A written statement about its standards of conduct that prohibits the unlawful possession, use or distribution of illicit drugs and alcohol by students and employees;
- 2) A written description of legal sanctions imposed under Federal, state and local laws for unlawful possession or distribution of illicit drugs and alcohol;
- 3) A description of the health risks associated with the use of illicit drugs and the abuse of alcohol;

- 4) A description of any drug or alcohol counseling, treatment, or rehabilitation or re-entry programs that are available to students and employees; and,
- 5) A statement that the IHE will impose disciplinary sanctions on students and employees for violations of the institution's codes of conduct and a description of such sanctions.

In addition, each IHE must conduct a biennial review to determine the effectiveness of its drug and alcohol abuse education and prevention program and to ensure consistent enforcement of applicable laws, ordinances, and institutional policies against students and employees found to be in violation. The biennial review materials must be maintained by the IHE and made available to the Department upon request. *34 C.F.R. §§ 86.3 and 86.100*

Noncompliance: Abcott violated the requirements of the Drug-Free Schools and Communities Act (DFSCA). Specifically, Abcott failed to provide written information to staff on an annual basis.

Failure to comply with the DFSCA deprives the institution of important information about the effectiveness of its drug and alcohol abuse prevention programs. Such failures may contribute to increased drug use and alcohol abuse on-campus as well as an increase in drug and alcohol-related violent crime.

Required Action: As a result of this violation, Abcott is required to distribute DFSCA information to staff and document the distribution by written acknowledgements of staff by January 10, 2014.

Based on an evaluation of all available information, including Abcott's response, the Department will determine if additional action will be required and will advise the institution accordingly in the FPRD.

Finding #5 Verification Policy Inadequate

Citation: An institution must establish and use written policies and procedures for verifying an applicant's Free Application for Federal Student Aid (FAFSA) information. These policies and procedures must include:

- 1) The time period within which an applicant must provide any documentation requested by the institution in accordance with 34 C.F.R. § 668.57;
- 2) The consequences of an applicant's failure to provide the requested documentation within the specified time period;

- 3) The method by which the institution notifies an applicant of the results of its verification if, as a result of verification, the applicant's EFC changes and results in a change in the amount of the applicant's assistance under the Title IV, HEA programs;
- 4) The procedures the institution will follow itself or the procedures the institution will require an applicant to follow to correct FAFSA information determined to be in error; and
- 5) The procedures for making referrals under 34 C.F.R. § 668.16(g).

An institution's procedures must provide that it will furnish, in a timely manner, to each applicant whose FAFSA information is selected for verification a clear explanation of:

- (1) The documentation needed to satisfy the verification requirements; and
- (2) The applicant's responsibilities with respect to the verification of FAFSA information, including the deadlines for completing any actions required under this subpart and the consequences of failing to complete any required action.

An institution's procedures must provide that an applicant whose FAFSA information is selected for verification is required to complete verification before the institution exercises any authority under section 479A(a) of the HEA to make changes to the applicant's cost of attendance or to the values of the data items required to calculate the EFC. 34 C.F.R. § 668.53.

If an institution has reason to believe that an applicant's FAFSA **information is inaccurate**, until the information is verified and any corrections are made in accordance with §668.59(a), the institution **may not**:

- (i) Disburse any Federal Pell Grant, FSEOG, or Federal Perkins Loan Program funds to the applicant;
- (ii) Employ or allow an employer to employ the applicant in its FWS Program; or
- (iii) Originate a Direct Subsidized Loan, or disburse any such loan proceeds for any previously originated Direct Subsidized Loan to the applicant.

(2) If an institution **does not have reason** to believe that an applicant's FAFSA **information is inaccurate** prior to verification, **the institution may**:

- (i) Withhold payment of Federal Pell Grant, Federal Perkins Loan, or FSEOG Program funds for the applicant; or **make one disbursement from each of the Federal Pell Grant, Federal Perkins Loan, or FSEOG Program funds for the applicant's first payment period** of the award year;
- (ii) Employ or allow an employer to employ that applicant, once he or she is an eligible student, under the FWS Program for the first 60 consecutive days after the student's enrollment in that award year; or
- (iii) Withhold origination of the applicant's Direct Subsidized Loan; or originate the Direct Subsidized Loan provided that the institution does not disburse Direct Subsidized Loan proceeds. 34 C.F.R. §668.58(a)

Noncompliance: Abcott made second disbursements of Title IV assistance to three students prior to completing verification. In addition, Abcott must establish and use written policies and procedures for verifying an applicant's Free Application for Federal Student Aid (FAFSA) information. These policies and procedures must include:

- How students will be notified to submit verification information. The notification should be in writing and any follow-up contacts may be in person or by telephone, if notated in the student's file; and
- A timeframe that the student must submit verification information that the consequences of not providing the information.

Required Action: Abcott must develop and implement written procedures and control mechanisms which will ensure that, in the future, student are notified in writing of the required documents and timeframes for completing verification and that verification will be completed prior to the second disbursement of Title IV funds. A copy of those procedures must be submitted in response to this report. Instructions for the repayment of any identified liability will be provided in the Final Program Review Determination letter.

Finding #6 Satisfactory Academic Progress (SAP) Policy Not Adequately Developed

Citation: An institution must establish a reasonable satisfactory academic progress policy for determining whether an otherwise eligible student is making satisfactory academic progress in his or her educational program and may receive assistance under the Title IV, HEA programs.

The Secretary considers the institution's policy to be reasonable if:

- 1) The policy is at least as strict as the policy the institution applies to a student who is not receiving assistance under the Title IV, HEA programs;

- 2) The policy provides for consistent application of standards to all students within categories of students, *e.g.*, full-time, part-time, undergraduate, and graduate students, and educational programs established by the institution;
- 3) The policy provides that a student's academic progress is evaluated at the end of each payment period if the educational program is either one academic year in length or shorter than an academic year; or for all other educational programs, at the end of each payment period or at least annually to correspond with the end of a payment period;
- 4) The policy specifies the grade point average (GPA) that a student must achieve at each evaluation, or if a GPA is not an appropriate qualitative measure, a comparable assessment measured against a norm; and
- 5) The policy specifies the pace at which a student must progress through his or her educational program to ensure that the student will complete the program within the maximum timeframe, and provides for measurement of the student's progress at each evaluation; and an institution calculates the pace at which the student is progressing by dividing the cumulative number of hours the student has successfully completed by the cumulative number of hours the student has attempted;
- 6) The policy describes how a student's GPA and pace of completion are affected by course incompletes, withdrawals, or repetitions, or transfers of credit from other institutions. Credit hours from another institution that are accepted toward the student's educational program must count as both attempted and completed hours;
- 7) The policy provides that, at the time of each evaluation, a student who has not achieved the required GPA, or who is not successfully completing his or her educational program at the required pace, is no longer eligible to receive assistance under the Title IV, HEA programs;
- 8) If the institution places students on financial aid warning, or on financial aid probation, the policy describes these statuses and that a student on financial aid **warning** may continue to receive assistance under the Title IV, HEA programs for one payment period despite a determination that the student is not making satisfactory academic progress. Financial aid warning status may be assigned without an appeal or other action by the student; and a student on financial aid probation may receive Title IV, HEA program funds for one payment period. While a student is on financial aid probation, the institution may require the student to fulfill specific terms and conditions such as taking a reduced course load or enrolling in specific courses. At the end of one payment period on financial aid probation, the student must meet the institution's satisfactory academic progress standards or meet the requirements of the academic plan developed by the institution and the student to qualify for further title IV, HEA program funds;
- 9) If the institution permits a student to appeal a determination by the institution that he or she is not making satisfactory academic progress, the policy describes:

- (i) How the student may reestablish his or her eligibility to receive assistance under the Title IV, HEA programs;
 - (ii) The basis on which a student may file an appeal: The death of a relative, an injury or illness of the student, or other special circumstances; and
 - (iii) Information the student must submit regarding why the student failed to make satisfactory academic progress, and what has changed in the student's situation that will allow the student to demonstrate satisfactory academic progress at the next evaluation;
- 10) If the institution does not permit a student to appeal a determination by the institution that he or she is not making satisfactory academic progress, the policy must describe how the student may reestablish his or her eligibility to receive assistance under the Title IV, HEA programs; and
- 11) The policy provides for notification to students of the results of an evaluation that impacts the student's eligibility for Title IV, HEA program funds. *34 C.F.R. §668.34.*

Noncompliance: After a review of Abcott's procedures for evaluating a student's Satisfactory Academic Progress (SAP) determination, the Department has determined that the institution's policies and procedures are inadequate. Abcott does not clearly state when a student on warning status does not meet SAP standards for the subsequent payment period that they will be placed on a probationary status if an appeal is granted. Also, Abcott does not issue a written SAP notification that specifies the consequences of being placed on a warning status and the potential impact on a student's financial aid eligibility for further assistance in their SAP notification letter.

Required Action: Abcott is required to revise its SAP policy to include probationary language if the student successfully appeal their suspension status and revise the written notification provided to students when placed on warning or suspension status that includes the appeal process.

A copy of the above stated corrective actions must be submitted in response to this report.

Finding #7 Return to Title IV (R2T4) Policy Inadequate

Citation: When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date.

A student is considered to have withdrawn from a payment period or period of enrollment if the student does not complete all of the clock hours and weeks of instructional time in the payment period or period of enrollment that the student was scheduled to complete.

In accordance with §668.4(f), if a student withdraws from a clock-hour or nonterm credit hour program during a payment period or period of enrollment and then reenters the same program within 180 calendar days, the student remains in that same period when he or she returns and, subject to conditions established by the Secretary, is eligible to receive any Title IV, HEA program funds for which he or she was eligible prior to withdrawal, including funds that were returned by the institution or student under the provisions of this section.

A post-withdrawal disbursement must be made from available grant funds before available loan funds. If outstanding charges exist on the student's account, the institution may credit the student's account up to the amount of outstanding charges with all or a portion of any:

- (1) Grant funds that make up the post-withdrawal disbursement; and
- (2) Loan funds that make up the post-withdrawal disbursement only after obtaining confirmation from the student or parent in the case of a parent PLUS loan, that they still wish to have the loan funds disbursed.

The institution must disburse directly to a student any amount of a post-withdrawal disbursement of grant funds that is not credited to the student's account. The institution must make the disbursement as soon as possible, but no later than 45 days after the date of the institution's determination that the student withdrew.

The institution must provide within 30 days of the date of the institution's determination that the student withdrew a written notification to the student, or parent in the case of parent PLUS loan, that:

- (1) Requests confirmation of any post-withdrawal disbursement of loan funds that the institution wishes to credit to the student's account, identifying the type and amount of those loan funds and explaining that a student, or parent in the case of a parent PLUS loan, may accept or decline some or all of those funds;
- (2) Requests confirmation of any post-withdrawal disbursement of loan funds that the student, or parent in the case of a parent PLUS loan, can receive as a direct disbursement, identifying the type and amount of these Title IV funds and explaining that the student, or parent in the case of a parent PLUS loan, may accept or decline some or all of those funds;
- (3) Explains that a student, or parent in the case of a parent PLUS loan, who does not confirm that a post-withdrawal disbursement of loan funds may be credited to the student's account may not receive any of those loan funds as a direct disbursement unless the institution concurs;
- (4) Explains the obligation of the student, or parent in the case of a parent PLUS loan, to repay any loan funds he or she chooses to have disbursed; and

- (5) Advises the student, or parent in the case of a parent PLUS loan, that no post-withdrawal disbursement of loan funds will be made, unless the institution chooses to make a post-withdrawal disbursement based on a late response, if the student or parent in the case of a parent PLUS loan, does not respond within 14 days of the date that the institution sent the notification, or a later deadline set by the institution.

The deadline for a student, or parent in the case of a parent PLUS loan, to accept a post-withdrawal disbursement must be the same for both a confirmation of a direct disbursement of the post-withdrawal disbursement of loan funds and a confirmation of a post-withdrawal disbursement of loan funds to be credited to the student's account.

If the student, or parent in the case of a parent PLUS loan, submits a timely response that confirms that they wish to receive all or a portion of a direct disbursement of the post-withdrawal disbursement of loan funds, or confirms that a post-withdrawal disbursement of loan funds may be credited to the student's account, the institution must disburse the funds in the manner specified by the student, or parent in the case of a parent PLUS loan, as soon as possible, but no later than 180 days after the date of the institution's determination that the student withdrew.

If a student, or parent in the case of a parent PLUS loan, submits a late response to the institution's notice requesting confirmation, the institution may make the post-withdrawal disbursement of loan funds as instructed by the student, or parent in the case of a parent PLUS loan (provided the institution disburses all the funds accepted by the student, or parent in the case of a parent PLUS loan), or decline to do so.

If a student, or parent in the case of a parent PLUS loan, submits a late response to the institution and the institution does not choose to make the post-withdrawal disbursement of loan funds, the institution must inform the student, or parent in the case of a parent PLUS loan, in writing of the outcome of the post-withdrawal disbursement request.

If the student, or parent in the case of a parent PLUS loan, does not respond to the institution's notice, no portion of the post-withdrawal disbursement of loan funds that the institution wishes to credit to the student's account, nor any portion of loan funds that would be disbursed directly to the student, or parent in the case of a parent PLUS loan, may be disbursed.

An institution must document in the student's file the result of any notification made of the student's right to cancel all or a portion of loan funds or of the student's right to accept or decline loan funds, and the final determination made concerning the disbursement.

Percentage of payment period or period of enrollment completed. The percentage of the payment period or period of enrollment completed is determined:

- (A) In the case of a program that is measured in clock hours, by dividing the total number of clock hours in the payment period or period of enrollment into the number of clock hours scheduled to be completed as of the student's withdrawal date.
- (B) The scheduled clock hours used must be those established by the institution prior to the student's beginning class date for the payment period or period of enrollment and must be consistent with the published materials describing the institution's programs, unless the schedule was modified prior to the student's withdrawal.
- (C) The schedule must have been established in accordance with requirements of the accrediting agency and the State licensing agency, if such standards exist.

Within 30 days of the date of the institution's determination that the student withdrew, an institution must send a notice to any student who owes a Title IV, HEA grant overpayment as a result of the student's withdrawal from the institution in order to recover the overpayment. 34 C.F.R. § 668.22.

Required records. The records that an institution must maintain in order to comply include but are not limited to:

- (C) The amount, date, and basis of the institution's calculation of any refunds or overpayments due to or on behalf of the student, or the treatment of Title IV, HEA program funds when a student withdraws; and
- (D) The payment of any overpayment or the return of any Title IV, HEA program funds to the Title IV, HEA program fund, a lender, or the Secretary, as appropriate. C.F.R. § 668.24(c).

Institutional information that the institution must make readily available to enrolled and prospective students under this subpart includes, but is not limited to:

- (1) Any refund policy with which the institution is required to comply for the return of unearned tuition and fees or other refundable portions of costs paid to the institution;
- (2) The requirements and procedures for officially withdrawing from the institution;
- (3) A summary of the requirements under §668.22 for the Return of Title IV grant or loan assistance. 34 C.F.R. §668.43.

By applying for a Direct Loan, a borrower authorizes the school to pay directly to the Secretary that portion of a refund or Return of Title IV, HEA program funds from the school that is allocable to the loan. A school shall pay that portion of the student's refund or Return of Title IV, HEA program funds that is allocable to a Direct Loan to the Secretary; and provide simultaneous written notice to the borrower if the school pays a refund or return of title IV, HEA program funds to the Secretary on be-half of that student. 34 C.F.R. §685.306.

Noncompliance: After a review of Abcott's R2T4 procedures, the Department has determined that the institution's policies and procedures are inadequate. Abcott does not clearly state the procedure used in determining whether a student will be liable for any funds disbursed to them prior to withdrawal. In addition, Abcott does not state that they will retain documentation used in determining the R2T4 calculation. Also, Abcott does not issue a written notification to withdrawn students of their post withdrawal disbursement (PWD) funds and options to accept or reject the PWD.

Abcott must change their R2T4 policy to use clock hours when completing the R2T4 calculation.

Required Action: Abcott is required to revise its R2T4 policies and procedures to include how Abcott will notify withdrawn students of funds being returned on their behalf, if the student is liable for funds already disbursed and PWD information, and, the retention of R2T4 documentation. Abcott must also use clock hours in their determination of R2T4 refunds.

A copy of the above stated corrective actions must be submitted in response to this report.

Finding #8 Consumer Information

Citation: Each eligible institution participating in any program under this title shall carry out information dissemination activities for prospective and enrolled students (including those attending or planning to attend less than full time) regarding the institution and all financial assistance under this title. The information required by this section shall be produced and be made readily available upon request, through appropriate publications, mailings, and electronic media, to an enrolled student and to any prospective student. Each eligible institution shall, on an annual basis, provide to all enrolled students a list of the information that is required to be provided by institutions to students by this section and section 444 of the General Education Provisions Act (commonly known as the 'Family Educational Rights and Privacy Act of 1974'), together with a statement of the procedures required to obtain such information. The information required by this section shall accurately describe institutional policies regarding how a student may file a complaint with the Department. *HEA Sec. 485 (a)(1)(V).*

Institutions that enter into an agreement with a potential student, student, or parent of a student regarding a Title IV, HEA loan are required to inform the student or parent that the loan will be submitted to the National Student Loan Data System (NSLDS), and will be accessible by guaranty agencies, lenders, and institutions determined to be authorized users of the data system. *HEOA Sec. 489 amended HEA Sec. 485B(d)(4) (20 U.S.C. 1092b).*

An institution must make available to any enrolled student or prospective student through appropriate publications, mailings or electronic media, information concerning:

- (1) Financial assistance available to students enrolled in the institution;
- (2) The institution;
- (3) The institution's retention rate as reported to the Integrated Postsecondary Education Data System (IPEDS). In the case of a request from a prospective student, the information must be made available prior to the student's enrolling or entering into any financial obligation with the institution;
- (4) The institution's completion or graduation rate and, if applicable, its transfer-out rate. In the case of a request from a prospective student, the information must be made available prior to the student's enrolling or entering into any financial obligation with the institution;
- (5) The placement of and types of employment obtained by, graduates of the institution's degree or certificate programs. The information provided in compliance with this paragraph may be gathered from:
 - (A) The institution's placement rate for any program, if it calculates such a rate;
 - (B) State data systems;
 - (C) Alumni or student satisfaction surveys; or
 - (D) Other relevant sources. The institution must identify the source of the information provided in compliance with this paragraph, as well as any time frames and methodology associated with it. The institution must disclose any placement rates it calculates.
- (6) The types of graduate and professional education in which graduates of the institution's four-year degree programs enroll. The information provided in compliance with this paragraph may be gathered from:
 - (A) State data systems;
 - (B) Alumni or student satisfaction surveys; or
 - (C) Other relevant sources. The institution must identify the source of the information provided in compliance with this paragraph, as well as any time frames and methodology associated with it. *34 C.F.R. §668.41*

The institution must describe the rights and responsibilities of students receiving financial assistance and, specifically, assistance under the Title IV, HEA programs. This description must include specific information regarding:

- (1) Criteria for continued student eligibility under each program;
- (2) Standards which the student must maintain in order to be considered to be making satisfactory progress in his or her course of study for the purpose of receiving financial assistance; and criteria by which the student who has failed to maintain satisfactory progress may re-establish his or her eligibility for financial assistance;
- (3) The method by which financial assistance disbursements will be made to the students and the frequency of those disbursements;
- (4) The terms of any loan received by a student as part of the student's financial assistance package, a sample loan repayment schedule for sample loans and the necessity for repaying loans;

- (5) The general conditions and terms applicable to any employment provided to a student as part of the student's financial assistance package; and
- (6) The exit counseling information the institution provides and collects as required by 34 CFR 685.304 for borrowers under the William D. Ford Federal Direct Student Loan Program, and by 34 CFR 682.604 for borrowers under the Federal Stafford Loan Program. *34 C.F.R. § 668.42.*

Institutions must make available to current and prospective students information about student body diversity, including the percentage of enrolled, full-time students who are male; are female; are a self-identified member of a major racial or ethnic group; and receive a Federal Pell Grant. *HEOA Sec. 488(a)(1)(E) amended HEA Sec. 485(a)(1).*

Institutional information that the institution must make readily available to enrolled and prospective students under this subpart includes, but is not limited to:

- 1) The cost of attending the institution, including:
 - (i) Tuition and fees charged to full-time and part-time students;
 - (ii) Estimates of costs for necessary books and supplies;
 - (iii) Estimates of typical charges for room and board;
 - (iv) Estimates of transportation costs for students; and
 - (v) Any additional cost of a program in which a student is enrolled or expresses a specific interest;
- 2) Any refund policy with which the institution is required to comply for the return of unearned tuition and fees or other refundable portions of costs paid to the institution;
- 3) The requirements and procedures for officially withdrawing from the institution;
- 4) A summary of the requirements under §668.22 for the Return of Title IV grant or loan assistance;
- 5) The academic program of the institution, including:
 - (i) The current degree programs and other educational and training programs;
 - (ii) The instructional, laboratory, and other physical facilities which relate to the academic program;
 - (iii) The institution's faculty and other instructional personnel; and
 - (iv) Any plans by the institution for improving the academic program of the institution, upon a determination by the institution that such a plan exists;

For each program offered by an institution, the institution must provide prospective students with:

- (i) The occupations (by names and SOC codes) that the program prepares students to enter, along with links to occupational profiles on O*NET or its successor site. If the number of occupations related to the program, as identified by entering the program's full six digit CIP code on the O*NET crosswalk at

- <http://online.onetcenter.org/crosswalk/> is more than ten, the institution may provide Web links to a representative sample of the identified occupations (by name and SOC code) for which its graduates typically find employment within a few years after completing the program;
- (ii) The on-time graduation rate for students completing the program, as provided under paragraph (c) of this section;
 - (iii) The tuition and fees it charges a student for completing the program within normal time, the typical costs for books and supplies (unless those costs are included as part of tuition and fees), and the cost of room and board, if applicable. The institution may include information on other costs, such as transportation and living expenses, but it must provide a Web link, or access, to the program cost information the institutions makes available under §668.43(a);
 - (iv) The placement rate for students completing the program, as determined under a methodology developed by the National Center for Education Statistics (NCES) when that rate is available. In the meantime, beginning on July 1, 2011, if the institution is required by its accrediting agency or State to calculate a placement rate on a program basis, it must disclose the rate under this section and identify the accrediting agency or State agency under whose requirements the rate was calculated. If the accrediting agency or State requires an institution to calculate a placement rate at the institutional level or other than a program basis, the institution must use the accrediting agency or State methodology to calculate a placement rate for the program and disclose that rate; and
 - (v) The median loan debt incurred by students who completed the program as provided by the Secretary, as well as any other information the Secretary provided to the institution about that program. The institution must identify separately the median loan debt from title IV, HEA program loans, and the median loan debt from private educational loans and institutional financing plans.

For each program, the institution must:

- (i) Include the information required in promotional materials it makes available to prospective students and post this information on its Web site;
- (ii) Prominently provide the information required in a simple and meaningful manner on the home page of its program Web site, and provide a prominent and direct link on any other Web page containing general, academic, or admissions information about the program, to the single Web page that contains all the required information;
- (iii) Display the information required on the institution's Web site in an open format that can be retrieved, downloaded, indexed, and searched by commonly used Web search applications. An open format is one that is platform-independent, is machine-readable, and is made available to the public without restrictions that would impede the reuse of that information; and
- (iv) Use the disclosure form issued by the Secretary to provide the information, when that form is available.

On-time completion rate. An institution calculates an on-time completion rate for each program subject to this section by:

- (1) Determining the number of students who completed the program during the most recently completed award year;
- (2) Determining the number of students who completed the program within normal time, regardless of whether the students transferred into the program or changed programs at the institution. For example, the normal time to complete an associate degree is two years and this timeframe applies to all students in the program. If a student transfers into the program, regardless of the number of credits the institution accepts from the student's attendance at the prior institution, those transfer credits have no bearing on the two-year timeframe. The student would still have two years to complete from the date he or she began attending the two-year program. To be counted as completing on time, a student who changes programs at the institution and begins attending the two-year program must complete within the two-year timeframe beginning from the date the student began attending the prior program; and
- (3) Dividing the number of students who completed the program within normal time, as determined under paragraph (c)(2) of this section, by the total number of students who completed the program, as determined under paragraph (c)(1) of this section, and multiplying the result by 100. *34 C.F.R. § 668.6(b and c).*

The institution must make available for review to any enrolled or prospective student upon request, a copy of the documents describing the institution's accreditation and its State, Federal, or tribal approval or licensing. The institution must also provide its students or prospective students with contact information for filing complaints with its accreditor and with its State approval or licensing entity and any other relevant State official or agency that would appropriately handle a student's complaint. *34 C.F.R. § 668.43.*

Nothing in this part shall be interpreted as limiting the authority of the financial aid administrator, on the basis of adequate documentation, to make adjustments on a case-by-case basis to the cost of attendance or the values of the data items required to calculate the expected student or parent contribution (or both) to allow for treatment of an individual eligible applicant with special circumstances. However, this authority shall not be construed to permit aid administrators to deviate from the contributions expected in the absence of special circumstances. Special circumstances may include tuition expenses at an elementary or secondary school, medical or dental expenses not covered by insurance, unusually high child care costs, recent unemployment of a family member, the number of parents enrolled at least half-time in a degree, certificate, or other program leading to a recognized educational credential at an institution with a program participation agreement under section 487, or other changes in a family's income, a family's assets, or a student's status. Special circumstances shall be conditions that differentiate an individual student from a class of students rather than conditions that exist across a class of students. Adequate documentation for such adjustments shall substantiate such special circumstances of individual students. In addition, nothing in this title shall be interpreted as limiting the authority of the student financial aid administrator in such cases to request and use

supplementary information about the financial status or personal circumstances of eligible applicants in selecting recipients and determining the amount of awards under this title. No student or parent shall be charged a fee for collecting, processing, or delivering such supplementary information. Section 479A(a) [20 USC 1087tt]

Noncompliance: At the time of the review, the institution failed to make readily available to enrolled and prospective students the following information within their catalog and/or website:

- Students Rights and Responsibilities;
- References to the National Student Loan Database System (NSLDS) for students to obtain their enrollment and financial aid history;
- Student body diversity and the percentage that receive financial aid and by type;
- Academic program information to include a list of faculty;
- Cost of Attendance;
- FERPA – how to file a complaint with the Department;
- Retention of first-time, full-time students;
- Disclosure on how disbursements are made;
- Type of Employment and SOC Codes; and
- Professional Judgment and Dependency Override policies and how a student can request consideration.

Required Action: Abcott must revise all of its consumer information documents (including its catalog) to include the missing elements identified above. Copies of the revised documents and catalog must be submitted with the institution's response to this program review report. Furthermore, the school must immediately disseminate the above listed consumer information to all enrolled and prospective students. As evidence of this action, Abcott must provide a written statement attesting to its compliance in disseminating this information; this statement must also include the date the information was disseminated and a description of how it was disseminated.